EXDIS

Department of State

INCOMING TELEGRAM



INFO OCT-01 ADS-00 INR-10 CIAE-00 EB-08 ICA-11 DODE-00
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R 271338Z FEB 81
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 2376
INFO AMEMBASSY JIDDA

C O N F I D E N T I A L STOCKHOLM 1821

E.O. 12065: RDS-1 2/26/01 (HAMILTON, WILLIAM C.) OR-M
TAGS: PEPR, EPET, ENSD, PCAT, SA, SW, US
SUBJECT: SWEDISH STATE VISIT TO SAUDI ARABIA;
SAUDI VIEWS ON ARMS, OIL AND PRESIDENT REAGAN

1. (C) SUMMARY. SWEDEN'S KING AND QUEEN, ACCOMPANIED BY FOREIGN MINISTER ULLSTEN, MADE A STATE VISIT TO SAUDI ARABIA FEBRUARY 20-24. GOODWILL AND EXPORT OPPORTUNITIES APPEAR TO HAVE BEEN SWEDEN'S PRIMARY OBJECTIVES. ALMOST HALF OF SWEDEN'S OIL IMPORTS COME FROM SAUDI ARABIA. [ ] IN INTERVIEWS WITH SWEDISH JOURNALISTS, KING KHALID PRAISED PRESIDENT REAGAN, SHEIK YAMANI SPOKE REASSURINGLY ABOUT SAUDI POLICY ON OIL PRICES AND SUPPLIES, AND CROWN PRINCE FAHD SAID SAUDI ARABIA WOULD WILLINGLY BUY ARMS--BUT NOT IDEOLOGY--FROM ALL AVAILABLE SUPPLIERS, INCLUDING THE USSR, SHOULD THE U.S. DENY ANCILLARY EQUIPMENT FOR THE F-15. END SUMMARY.

2. (U) ACCORDING TO PRESS ACCOUNTS HERE, THE ROYAL COUPLE HAD A PURELY CEREMONIAL SCHEDULE, CONSISTENT WITH THEIR CONSTITUTIONAL ROLE. THEY VISITED A SWEDISH-SUPPORTED AGRICULTURAL PROJECT AND INVITED KING KHALID TO VISIT SWEDEN. HE ACCEPTED, BUT NO DATES WERE SPECIFIED.

3. [ ]

4. (U) IN THE COURSE OF THE VISIT, A 5-YEAR CONTRACT BETWEEN SAS CATERING AND SAUDI AIRLINES FOR THE ESTABLISHMENT AND OPERATION OF A CATERING SERVICE WAS ANNOUNCED. THE SWEDISH MEDIA HAVE ALSO REPORTED PLANS OF SWEDISH INDUSTRY MINISTER ASLING TO LEAD REPRESENTATIVES OF ABOUT 50 SWEDISH FIRMS TO SAUDI ARABIA IN A MONTH, PRESUMABLY TO IDENTIFY PROMISING TRADE AND INVESTMENT OPPORTUNITIES.

5. (U) KING KHALID, INTERVIEWED BY SWEDISH REPORTERS, REPORTEDLY SAID OF THE CHANGE OF ADMINISTRATIONS IN WASHINGTON: "I HOPE THAT HE (PRESIDENT REAGAN) WILL CONDUCT A MORE FORCEFUL POLICY THAN HIS PREDECESSOR. REAGAN IS AN OLDER MAN, HE IS WISER, HE HAS MORE EXPERIENCE, AND HE IS MORE FORCEFUL."

6. (U) CROWN PRINCE FAHD TOLD SWEDISH REPORTERS THAT "SAUDI ARABIA WILL BUY WEAPONS AND ADVANCED MILITARY ARMS FROM ANY COUNTRY, INCLUDING THE USSR, IF THE U.S. STOPS THE SALE OF EQUIPMENT FOR THE F-15PLANES THAT HAVE ALREADY BEEN SOLD TO SAUDI ARABIA." FAHD REPORTEDLY FOUND INCREDIBLE THE OPPOSITION OF SOME U.S. SENATORS TO THE FURTHER DESIRED SALE. FAHD REPORTEDLY SAID OF PRESIDENT REAGAN: "AS FAR AS I CAN SEE, HE SEEMS TO UNDERSTAND THE PROBLEMS AND CRISES OF THE WORLD, INCLUDING THE CONFLICTS IN THE THIRD WORLD, ABOUT WICH HE HAD MADE STRONG AND CLEAR STATEMENTS."

7. (U) FAHD AND SHEIK YAMANI SEPARATELY MADE REASSURING COMMENTS ON THE OIL SITUATION, ACCORDING AGAIN TO PRESS REPORTS HER. FAHD, RESERVING HIS COUNTRY'S RIGHT TO USE THE "OIL WEAPON," PROFESSED A DESIRE TO AVOID A WORLD GLUT OR SHORTAGE, AND SAID SAUDI ARABIA "IS TRYING IN ALL WAYS TO KEEP THE PRICE OF OIL UNDER CONTROL." YAMANI REPORTEDLY TOLD ULLSTEN THAT ONE COULD COUNT ON STABLE OIL PRICES THIS YEAR AND PERHAPS ALSO IN 1982, IF THE WORLD'S ECONOMY IS NOT SUBJECTED TO SERIOUS DISTURBANCES.

8.

DEPARTMENT OF STATE A/CDC/MR
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